

EXHIBIT

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Business

Lebanon Takes Steps to Avoid Capital Flight

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Lebanese security forces walk in front of anti-government protesters as they march toward the Parliament in Beirut on Jan. 25. *Photographer: Sam Tarling/Getty Images*

Lebanon's central bank told local lenders to settle their debt securities and Certificates of Deposit in client accounts at banks working in the country exclusively, part of emergency measures to avoid capital flight .

In this article

LBP

Lebanese Pound Spot

1,512.5000 LBP ▲ +0.5000 +0.0331%

In a circular issued Thursday and effective for six months, banks will settle the value and interest of debt securities issued by them as well as Certificate of Deposits in accounts in Lebanon.

Local lenders and the central bank have taken a series of measures to protect the sector and prevent a run on the banks as they ration U.S. dollars in the face of a liquidity crunch. Banking restrictions include banning most transfers abroad and limiting dollar and local-currency withdrawals. Last year, the central bank asked lenders to pay half of the interest on foreign currency deposit in Lebanese pound.

Inflows, the country's main source of funding, have significantly slowed and confidence in the country's ability to enact fiscal reforms have waned in the past two years. One of the most indebted countries in the world, Lebanon is facing its worst financial crisis in decades and investors are increasingly concerned it could default on its next bond payment in March.

Lebanese Bond Meltdown Eases Even as Russia Denies Aid Report

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